

Press Briefing on **1995 Income, Poverty, and Health Insurance Estimates**

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Welcome to the press briefing on the 1995 income, poverty, and health insurance coverage estimates. Your press packets contain a press release, a copy of my remarks, a copy of the charts I will be using today, and the three reports we are releasing today. Additional unpublished detailed tables can be obtained from the Census Bureau.

Let me introduce some of the analysts who worked on the reports; they will be available to answer your questions after the briefing: Charles Nelson (Assistant Division Chief), Kathleen Short (Chief of the Poverty and Health Statistics Branch), Edward Welniak (Chief of the Income Statistics Branch), and the primary authors of the reports, Eleanor Baugher, Robert Bennefield, Robert Cleveland, Carmen DeNavas-Walt, and Leatha Lamison-White.

Please hold your questions unless it's a technical clarification. The main presentation should take less than 30 minutes.

Let me first summarize the main findings. **GRAPHIC 1** For the first time in six years, households in the United States experienced an annual increase in their income. Between 1994 and 1995, median household income adjusted for inflation increased 2.7 percent, to \$34,076. Second, the number of poor and the poverty rate dropped — the number of poor decreased 1.6 million between 1994 and 1995 to 36.4 million people and the poverty rate decreased from 14.5 to 13.8 percent. Finally, 40.6 million people lacked health insurance coverage in 1995 (15.4 percent of the population); these are unchanged from 1994.

Data from the March Supplement to the Current Population Survey or CPS are the basis for these statistics. The CPS is a sample survey of approximately 50,000 households nationwide, conducted each month for the Bureau of Labor Statistics. These data reflect 1995 and not current conditions.

As in all surveys, the data in these reports are estimates, subject to sampling variability and response errors. All statements made in the reports and in this briefing have been tested statistically. All historical income data have been expressed in 1995 dollars using the Consumer Price Index; inflation was 2.8 percent between 1994 and 1995. The poverty thresholds are updated each year for inflation as well; for a family of four in 1995 the threshold was \$15,569, for a family of three, \$12,158.

This chart presents the key estimates of median household income. **GRAPHIC 2** As I noted earlier, median income for all U.S. households rose 2.7 percent between 1994 and 1995. The Midwest was however the only region where households experienced an increase in income — 7.2 percent.

Median household income is now only 3.8 percent below its 1989 level, the most recent business cycle peak. Overall, median household income has risen 13.6 percent since 1967, the first year household median income was computed. **GRAPHIC 3**

The increase in income was broad-based, covering both family and nonfamily households. This is the first time since these distinctions were made in 1980 that an increase in median income has occurred for all types of households.

The poverty rate for all persons declined from 14.5 percent in 1994 to 13.8 percent in 1995, and the number of poor declined as well, by 1.6 million, to 36.4 million. **GRAPHIC 4** This change roughly parallels the 1993 to 1994 changes, when the number in poverty dropped 1.2 million and the poverty rate dropped from 15.1 to 14.5 percent. Consistent with its increase in income, the Midwest was the only region with a decline in its poverty rate.

The number of poor is still 4.0 million above the 1989 level when 32.4 million people were poor and the poverty rate was 13.1 percent. **GRAPHIC 5**

This next chart presents the changes in income by race and ethnicity. **GRAPHIC 6** Income rose for both White and Black households — 2.2 and 3.6 percent, respectively. On the other hand, median household income fell for Hispanics by 5.1 percent. We have no explanation at this time for this change in income.

As this next chart for poverty shows, poverty rates fell for Whites and Blacks, but there was no change for the other groups. **GRAPHIC 7** Despite the improvements for Blacks, Blacks and Hispanics still have much higher poverty rates and lower incomes than Whites and Asian and Pacific Islanders. Nevertheless, as this pie chart shows, two-thirds of all poor are White and 45 percent of all poor are nonHispanic Whites.

Children are 40 percent of the poor though they are but 27 percent of the total population.

GRAPHIC 8 Their poverty rate is higher than for any other age group, 20.8 percent in 1995, but this is a decline from last year. Poverty for children has been at or above 20 percent since the early 1980's. Poverty rates also declined between 1994 and 1995 for those 18 to 64 and for those 65 and older. 1995 is the first year that the poverty rate for the elderly was lower than that for those 18 to 64.

This is the first year the Census Bureau is presenting income and poverty estimates for immigrants. The median income of households headed by a native-born individual increased by 3.1 percent, while there was no change for those households headed by a foreign-born individual. The median household income of the native-born, at \$34,784, is higher than that of the foreign-born, \$28,352. **GRAPHIC 9**

The same pattern prevails for poverty — a decline for native-born persons, from 13.8 to 13.0 percent, and no change for the foreign-born, now at 22.2 percent. Naturalized citizens have a lower poverty rate, at 10.5 percent, than either foreign-born non-citizens or the native-born.

Per capita income shows no change between 1994 and 1995 and the ratio of female-to-male earnings for year-round full-time workers also remains unchanged, at 0.71.

The long-term trend in the U.S. has been toward increasing income inequality. This chart illustrates the increasing share of household income received by the highest income quintile — 48.7 percent in 1995 but only 43.8 percent in 1967. It also illustrates the declining share of those in the bottom quintile — 4.0 percent in 1967 down to 3.7 percent in 1995. The only statistically significant change in share between 1994 and 1995 was a 0.1 percentage point increase for the bottom quintile. **GRAPHIC 10** These changes together mean that the middle 60 percent of the

income distribution (those households with incomes of \$14,401 to \$65,124 in 1995) has received a declining share over this period — from 52.3 percent of income in 1967 down to 47.6 percent in 1995. A second measure of income inequality, the Gini index, showed no change in income inequality between 1994 and 1995. The Gini index is now 12.8 percent above its 1967 level.

Based on a comparison of two-year moving averages, real median household income grew between 1993 and 1995 for 11 states and did not fall for any. In the same period, nine states had a drop in their poverty rate while only New Mexico showed an increase. **GRAPHIC 11**

The Census Bureau also produces a series of experimental estimates of income, in an attempt to gauge the effect on income and poverty of noncash benefits and taxes, which are not considered in the official measures. Seventeen experimental definitions of income are computed, and tables based on those results are presented in the reports.

The Bureau's research in this area has shown that the distribution of income is more equal under a broadened definition that takes into account the effects of taxes and noncash benefits than under the official cash income definition. Government benefits play a much more equalizing role on income than do taxes.

Valuing noncash benefits and subtracting taxes also effects the estimated poverty rate. Based on the official poverty thresholds, but under the broadened definition of income, the estimated poverty rate was 10.3 percent or 27.2 million people, compared to 13.8 percent and 36.4 million persons under the official income definition. Regardless of the method chosen to measure income, as you can see in this chart, the pattern of poverty change over time is similar.

GRAPHIC 12

The remaining topic I will cover today is health insurance coverage. The number of people without health insurance coverage in 1995 was 40.6 million, or 15.4 percent of the population, both unchanged from 1994. **GRAPHIC 13** The proportion of poor people without health insurance coverage was 30.2 percent, also not different from last year and double the rate for all persons. Young adults, those with low educational attainment, and Hispanics were the demographic groups most likely to lack coverage. Coverage rates rose in one state (Alabama) and fell in two states (Tennessee and Vermont).

Let me again summarize the main findings. For the first time in six years, households in the United States experienced an annual increase in their income. Between 1994 and 1995, median household income adjusted for inflation increased 2.7 percent, to \$34,076. Second, the number of poor and the poverty rate dropped — the number of poor decreased 1.6 million between 1994 and 1995 to 36.4 million people and the poverty rate decreased from 14.5 to 13.8 percent. Finally, 40.6 million people lacked health insurance coverage in 1995 (15.4 percent of the population); these are unchanged from 1994.

I'll be glad to answer your questions. Please identify yourself and your affiliation.

Highlights

Increase in real median household income of 2.7 percent from 1994 to 1995

- \$34,076 in 1995

Significant decline in number of poor and poverty rate

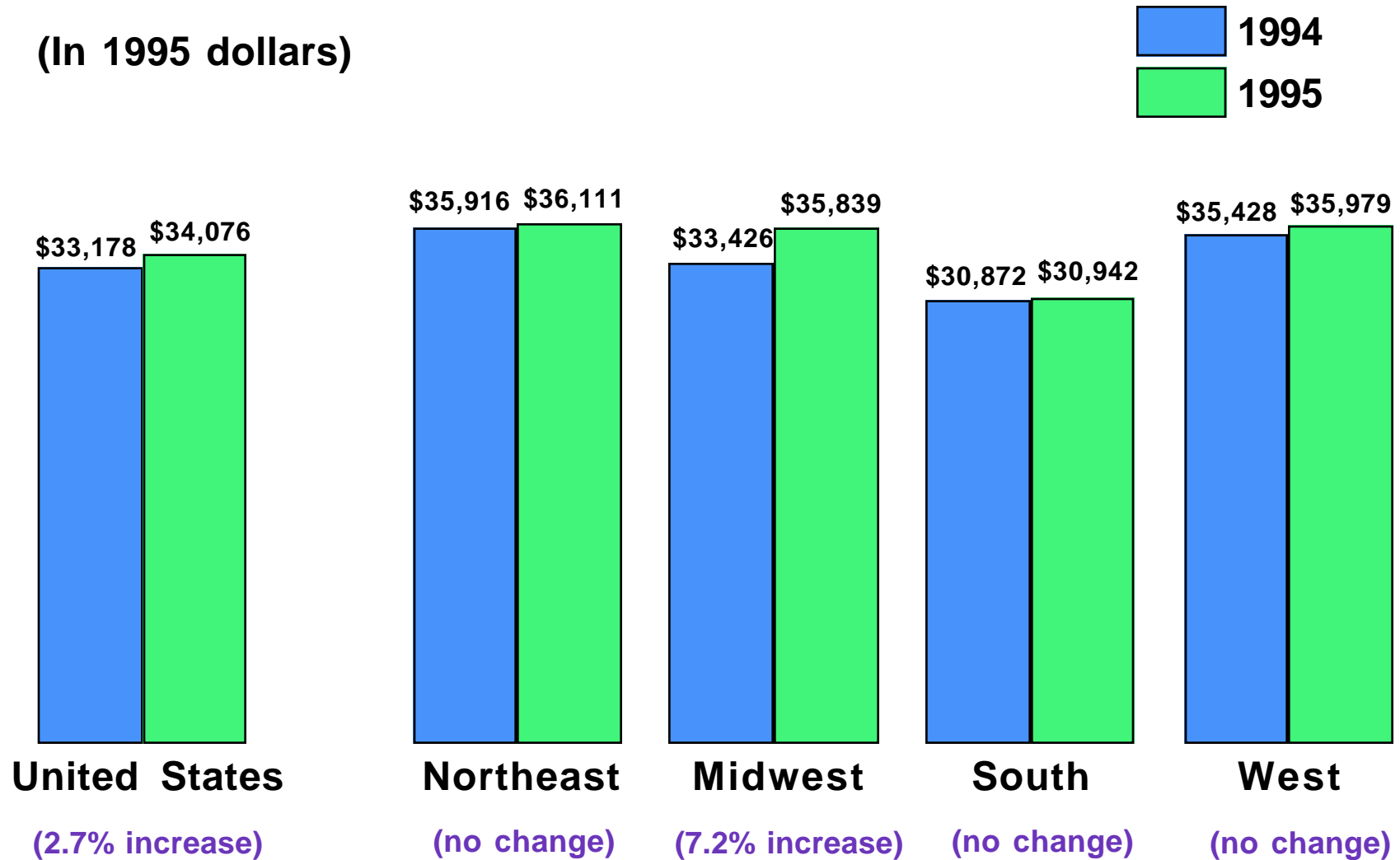
- 36.4 million poor, decline of 1.6 million from 1994
- 13.8 percent poverty rate, decline from 14.5 percent in 1994

No change in number of uninsured

- 40.6 million people without health insurance in 1995
- 15.4 percent of population

Median Household Income by Region: 1994 and 1995

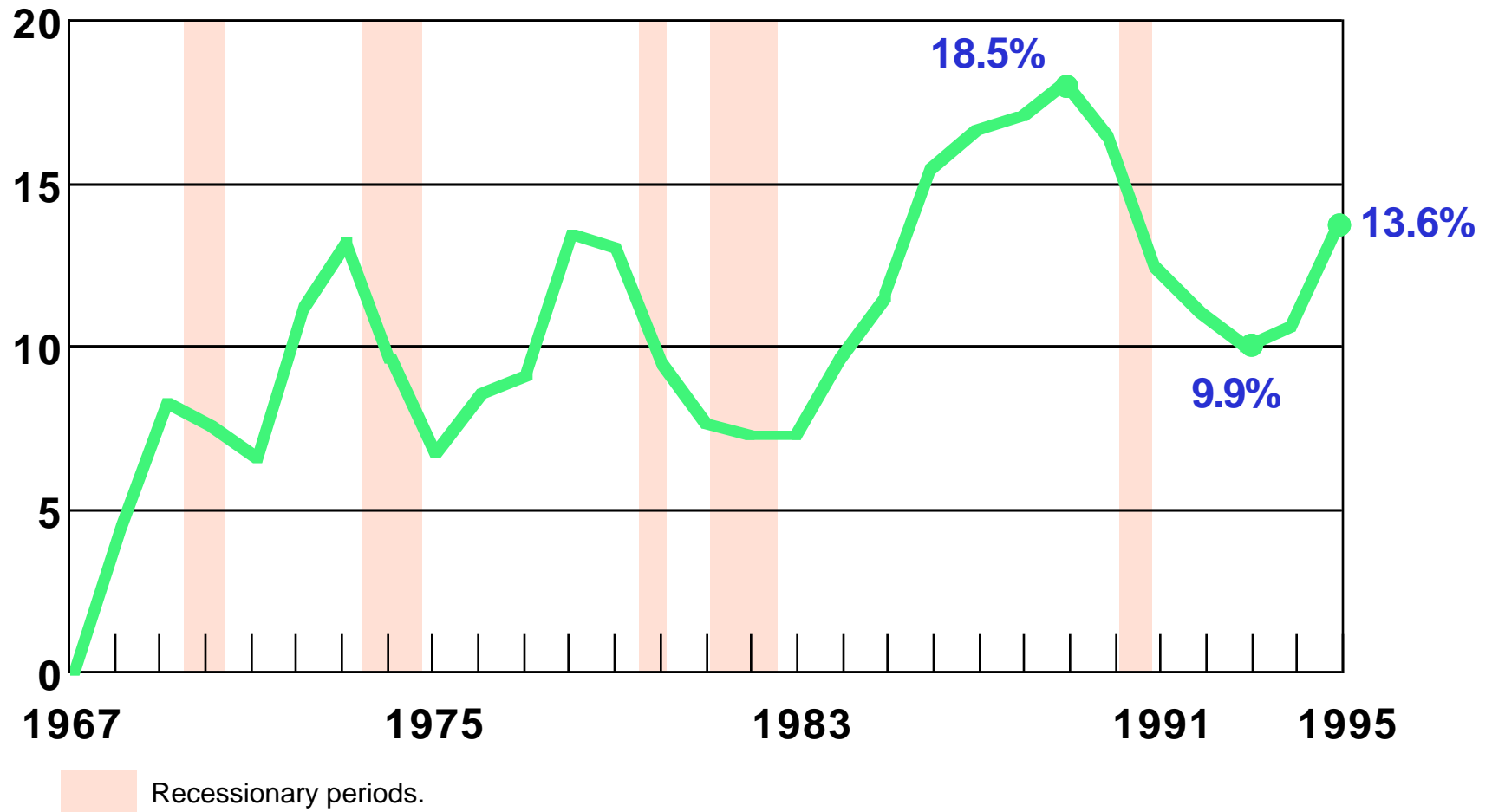
(In 1995 dollars)



Source: U.S. Bureau of the Census, March Current Population Survey.

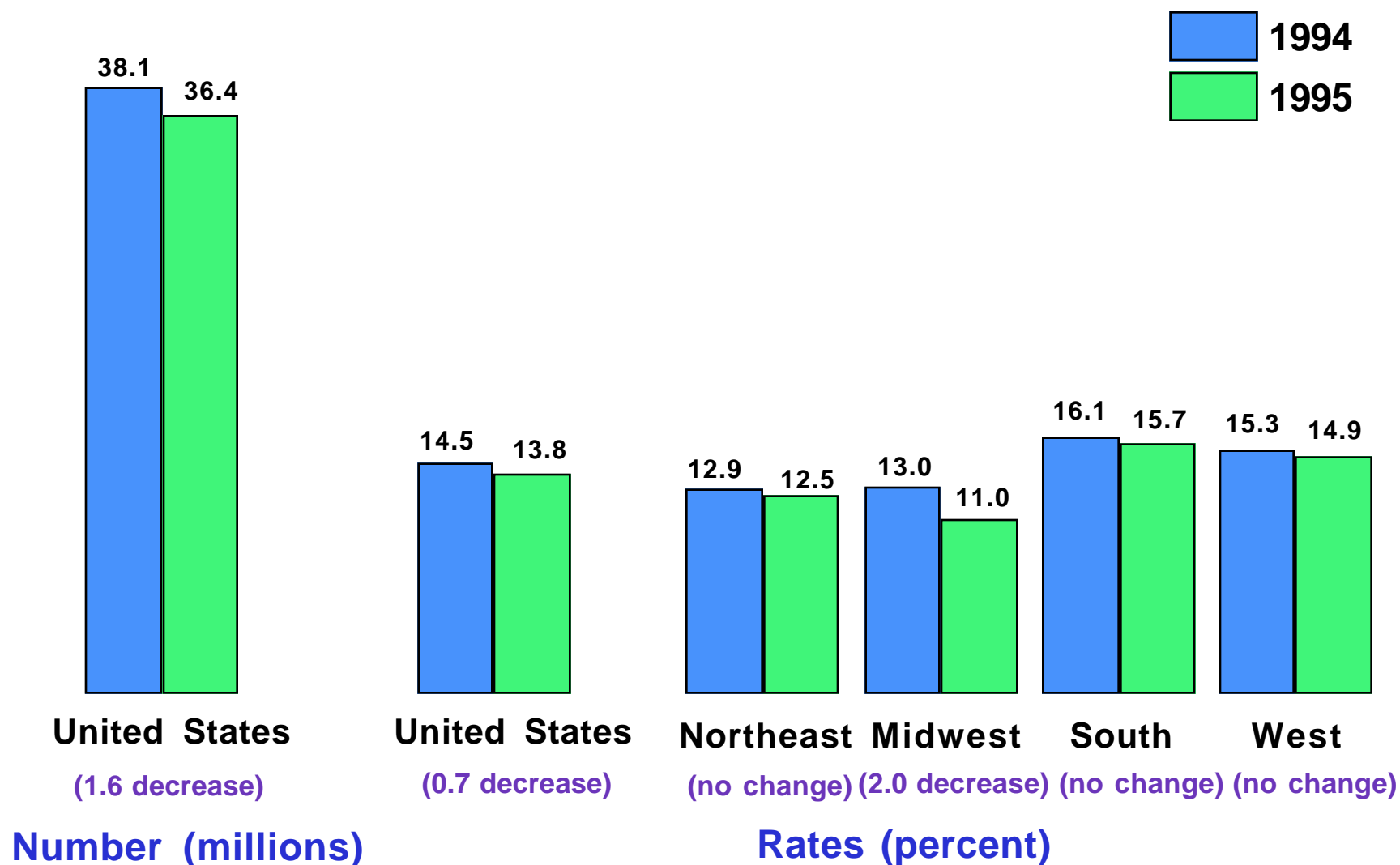
Cumulative Percent Change in Real Median Household Income Since 1967

Percent change



Source: U.S. Bureau of the Census, March Current Population Survey.

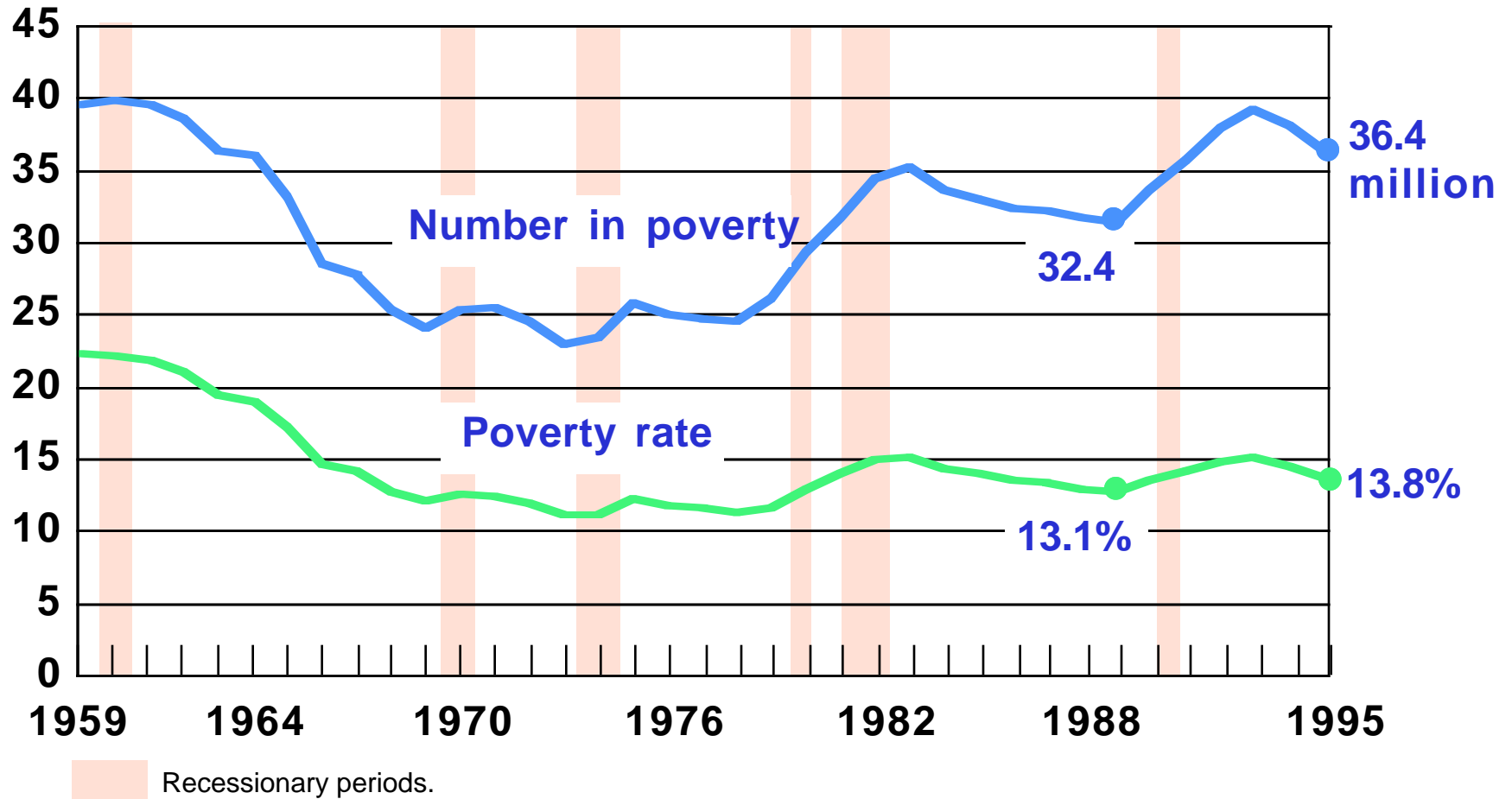
Persons in Poverty by Region: 1994 and 1995



Source: U.S. Bureau of the Census, March Current Population Survey.

Poverty: 1959-1995

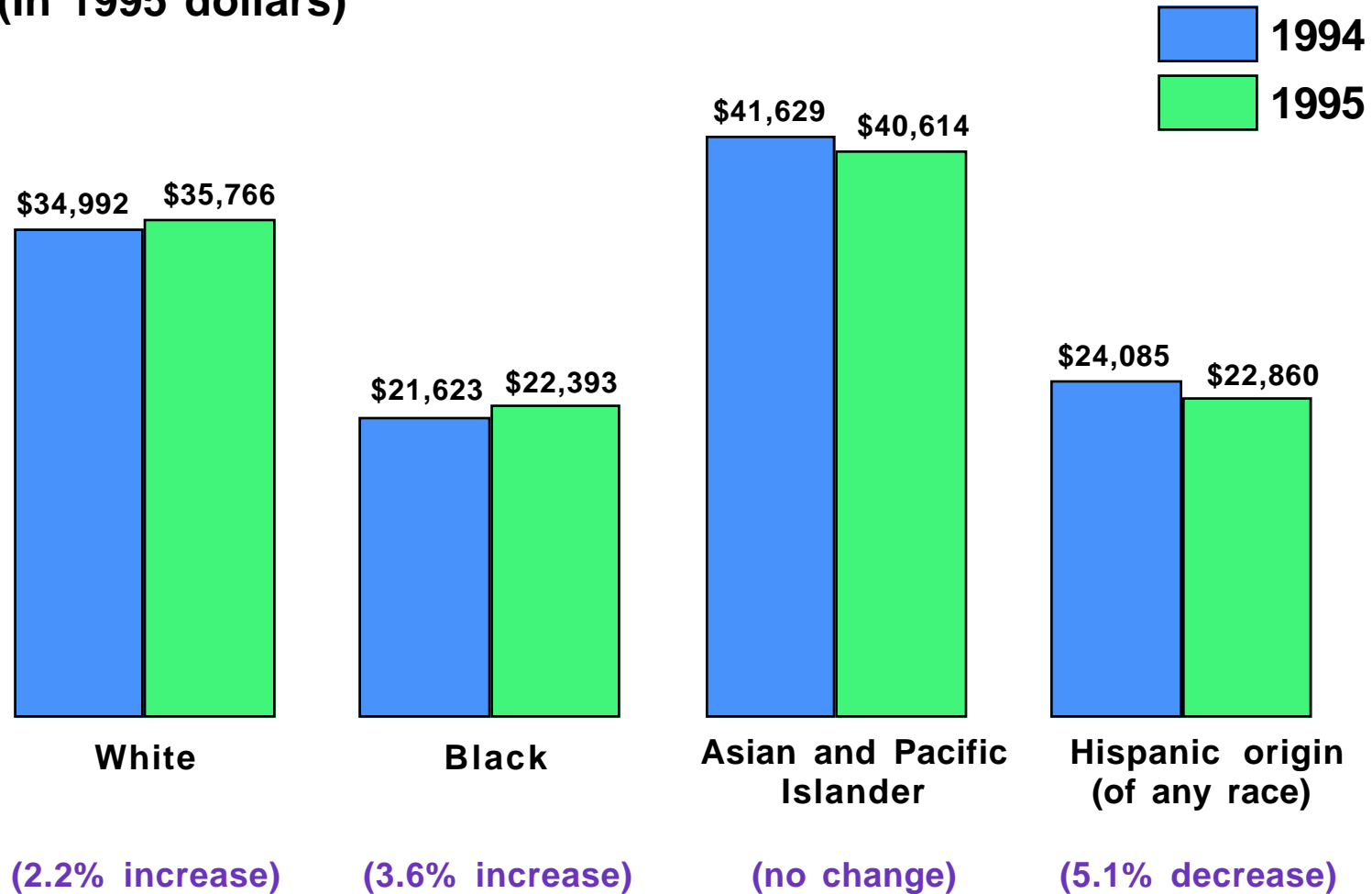
Millions/Percent



Source: U.S. Bureau of the Census, March Current Population Survey.

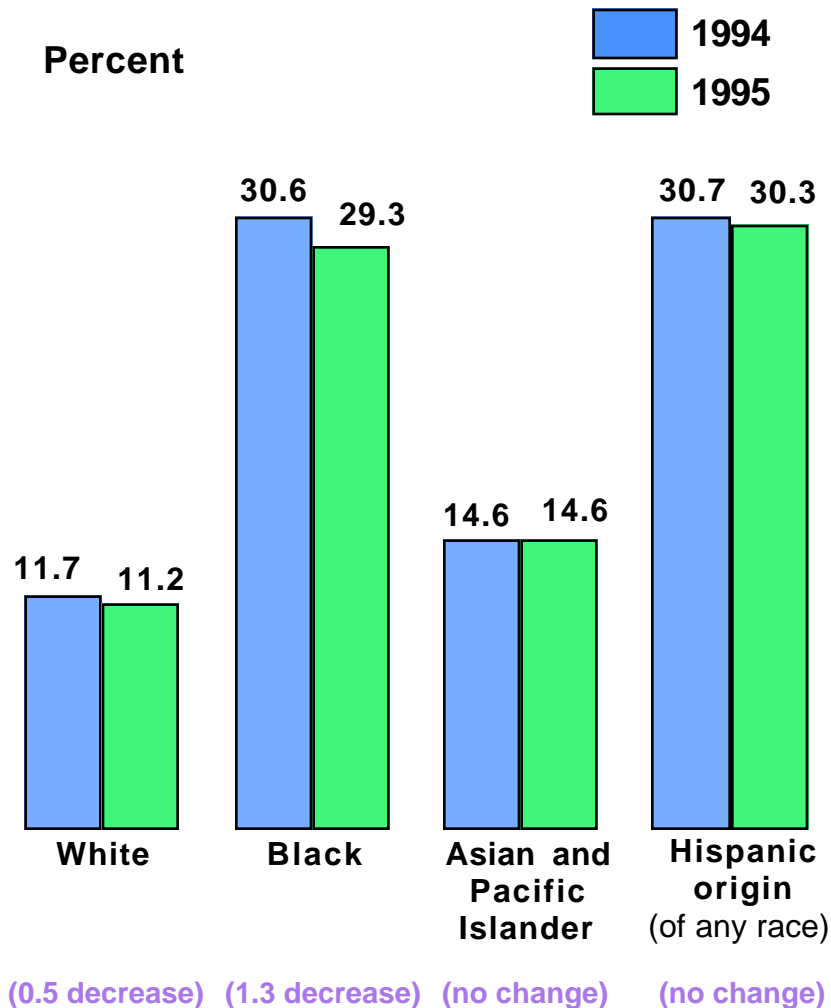
Median Household Income by Race and Hispanic Origin: 1994 and 1995

(In 1995 dollars)

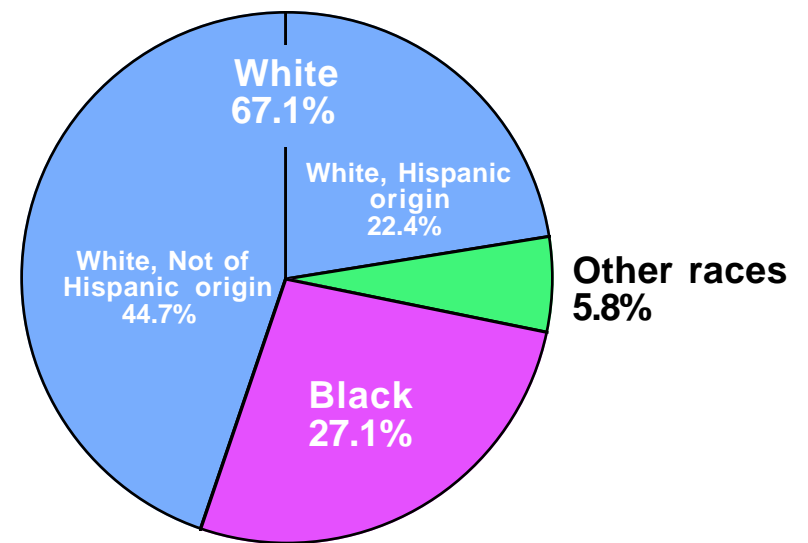


Source: U.S. Bureau of the Census, March Current Population Survey.

Poverty Rates of People by Race and Hispanic Origin: 1994 and 1995

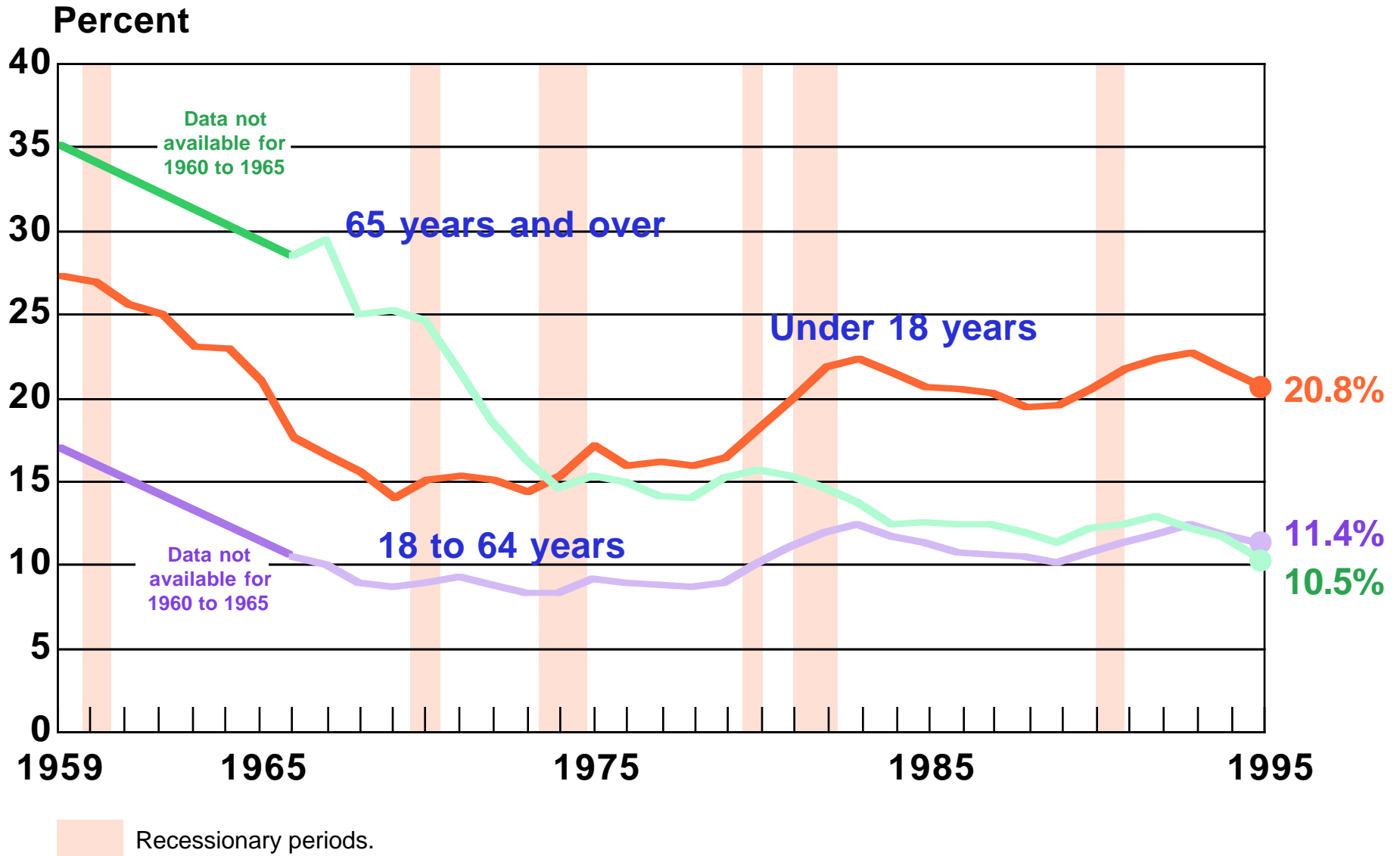


Proportion of People Below Poverty by Race: 1995



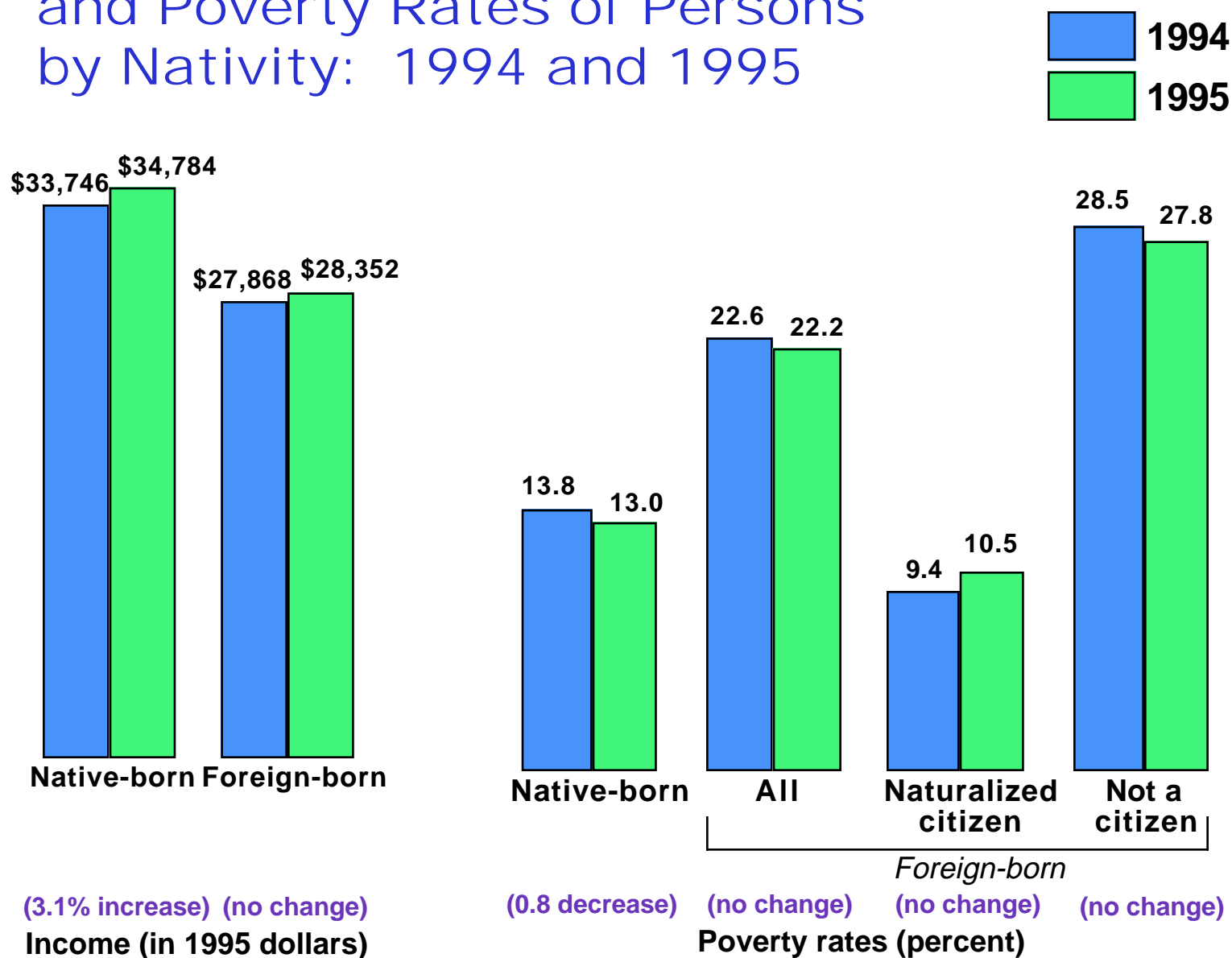
Note: Persons of Hispanic origin are 23.5 percent of the poor.

Poverty Rates by Age: 1959-1995



Source: U.S. Bureau of the Census, March Current Population Survey.

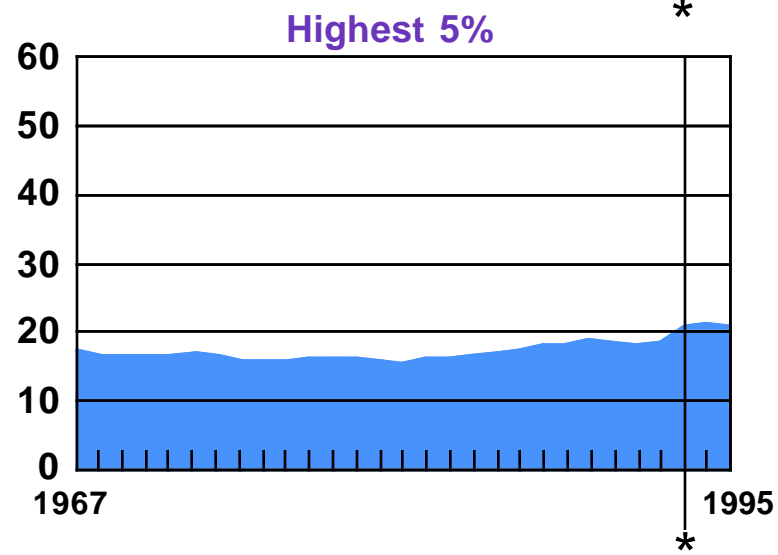
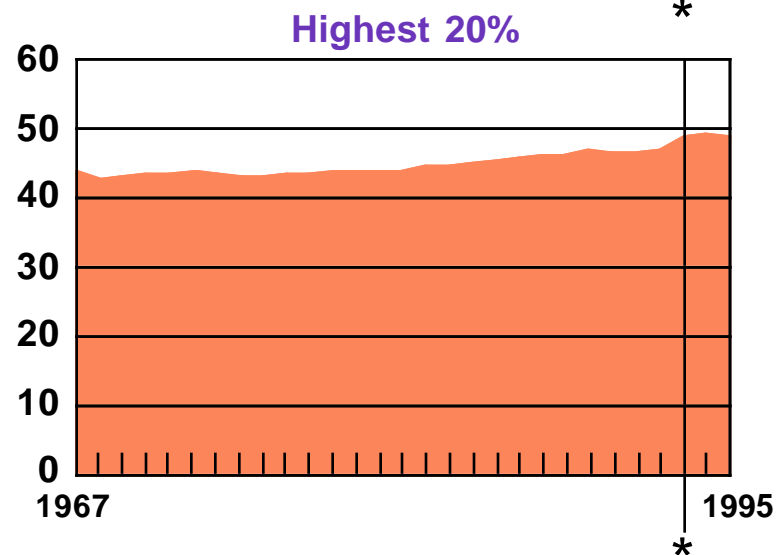
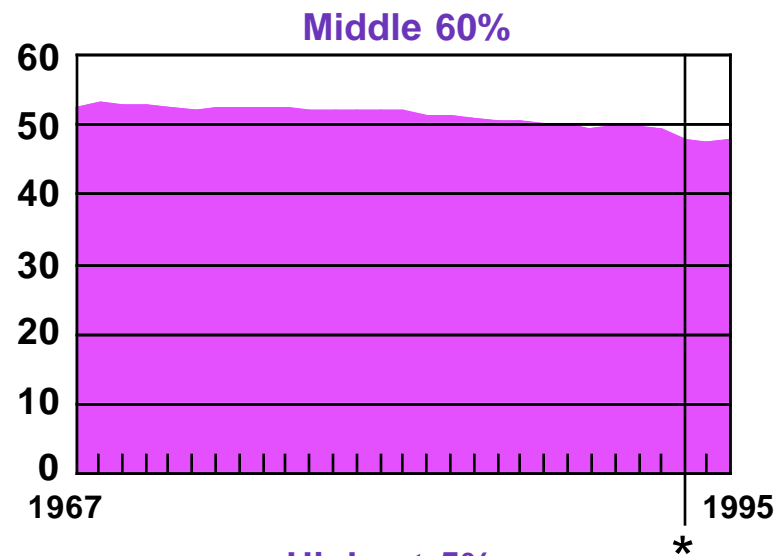
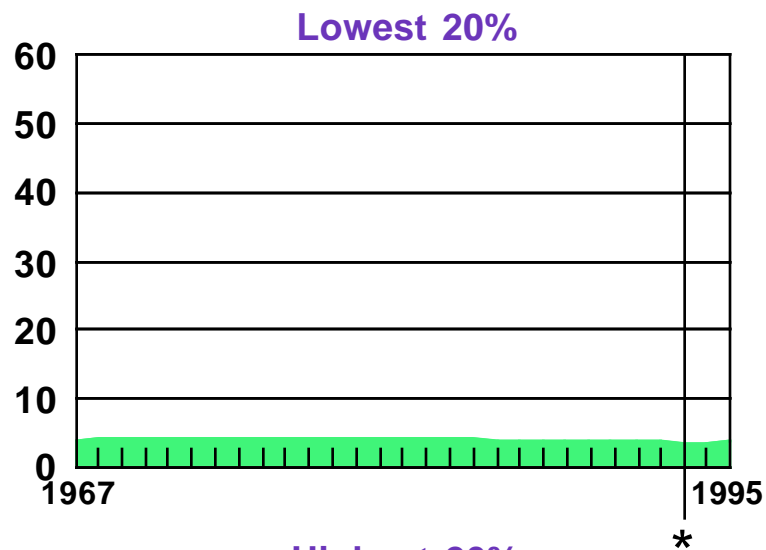
Median Household Income and Poverty Rates of Persons by Nativity: 1994 and 1995



Source: U.S. Bureau of the Census, March Current Population Survey.

Share of Household Income: 1967-1995

Percent



* Introduction of computer-assisted personal interviewing (CAPI) and increased reporting limits for selected sources of income for 1993 affect comparability.

Source: U.S. Bureau of the Census, March Current Population Survey.

Changes by State: 1993-1995

Two-Year moving averages

Median Household Income

- **Increase**

Colorado
Illinois
Iowa
Kentucky
Maine
Mississippi

Missouri
Pennsylvania
Tennessee
Texas
Wisconsin

- **Decrease**

None

Poverty

- **Decrease**

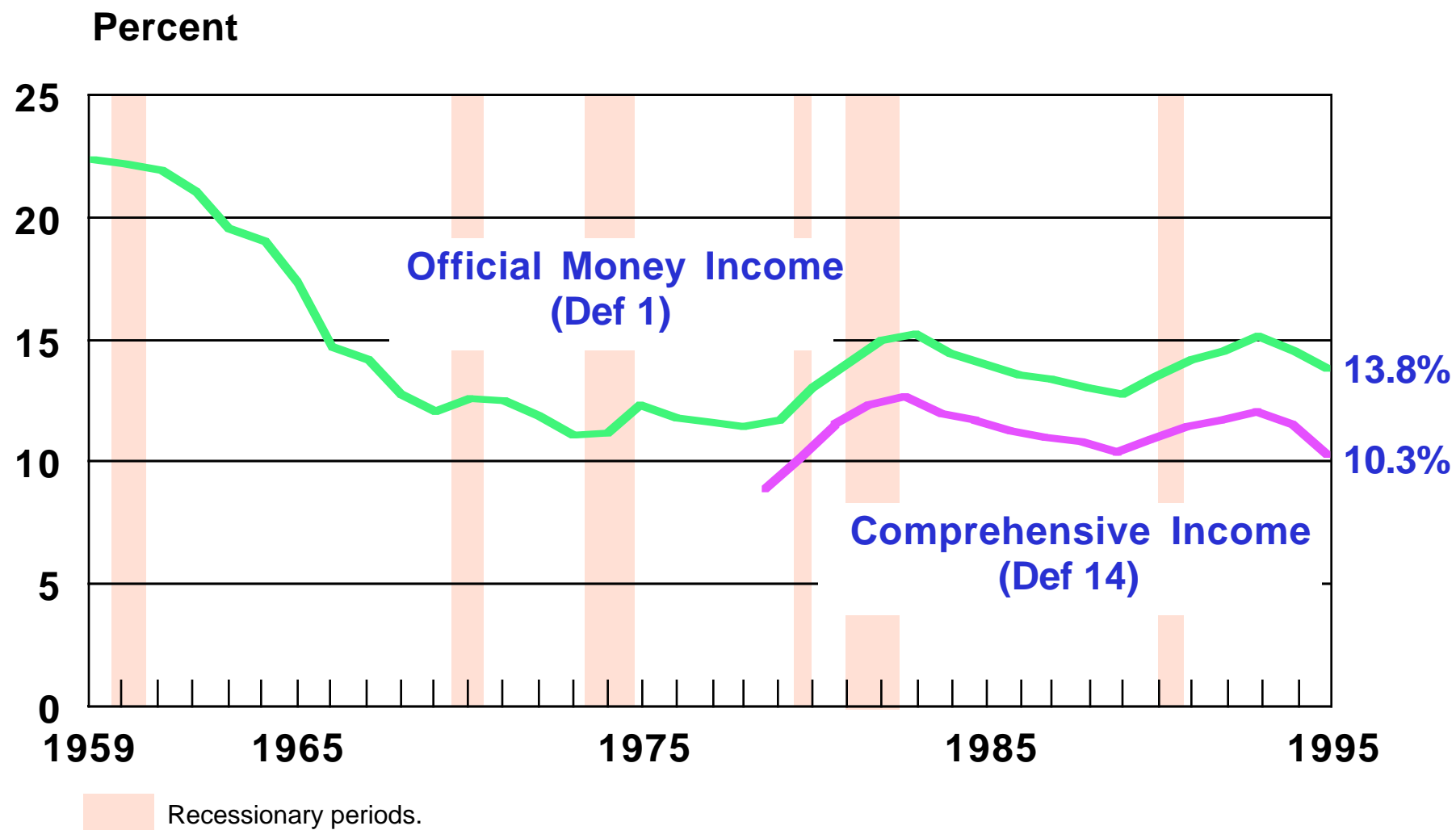
Arkansas
Kentucky
Louisiana
Michigan
Missouri

New Hampshire
New Jersey
West Virginia
Wisconsin

- **Increase**

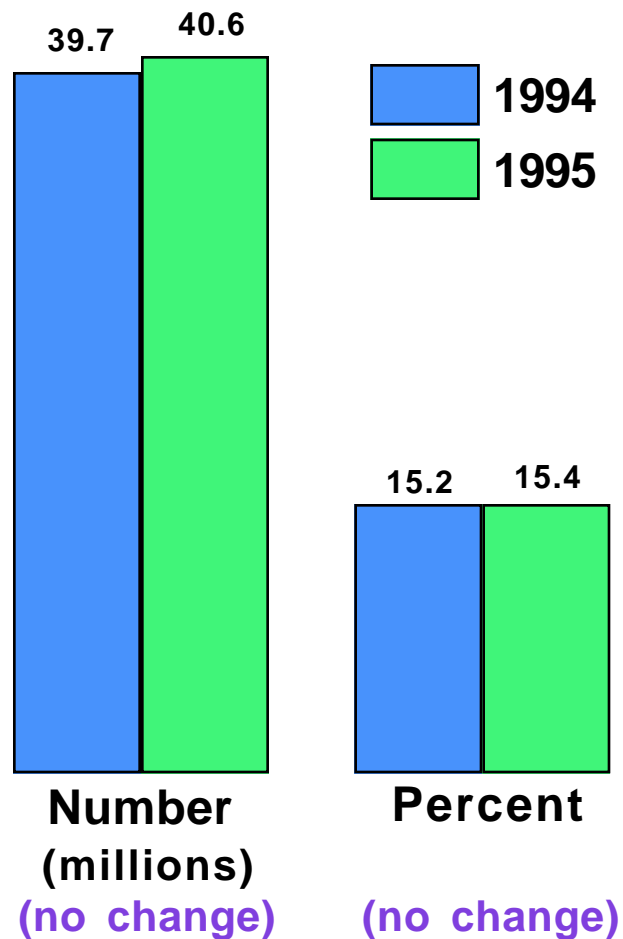
New Mexico

Poverty Rates Using Experimental Definitions of Income: 1959-1995



Source: U.S. Bureau of the Census, March Current Population Survey.

Persons Without Health Insurance Coverage: 1994 and 1995



- State with an increase in coverage
Alabama
- States with a decline in coverage
Tennessee
Vermont

Source: U.S. Bureau of the Census, March Current Population Survey.